Exhibit A

Credit crunch spurs uncertainty on bankruptcy exit loans
By MARIE BEAUDETTE
688 words
29 August 2007
17:55
Associated Press Newswires
English

WASHINGTON (AP) - Companies trying to emerge from **Chapter 11** protection by the end of this year may have trouble securing **financing**, as credit-market woes extend into the niche arena of bankruptcy lending.

A credit tightening spurred by the collapse of the subprime mortgage industry is causing lenders to retool the pricing and terms of the **financing** they provide to companies leaving bankruptcy. The pullback, experts say, may send big **Chapter 11** companies back to the table to negotiate with creditors and investors who were banking on cheaper **financing**.

"The expectations will need to be re-evaluated, not only by the company, but by the various constituents," said Rob McMahon, managing director of restructuring finance for GE Corporate Lending. "For the larger-cap companies that have complex, complicated capital structures and constituencies, that will be a more laborious task."

McMahon said there's a "tremendous amount of dialogue" about the status of pending exit-loan deals and "a lot of discussion about structure and pricing." General Electric Co.'s GE Corporate Lending underwrites $15 billion to $20 billion in loans per year, and its restructuring group provides between $2 billion and $3 billion in financing to troubled companies annually.

The difficulties could be especially acute for companies about to enter bankruptcy. Fewer companies are likely to emerge from Chapter 11 as stand-alone entities. Costlier exit financing could force more companies to liquidate, said James McTevia, managing member of McTevia & Associates, a restructuring consultant in suburban Detroit.

Several big companies are preparing to exit bankruptcy protection within the next six months. They include auto-parts suppliers Delphi Corp., Dana Corp., Dura Automotive Systems Inc. and Federal-Mogul Corp.; chemical company Solutia Inc.; power company Calpine Corp.; and fitness club operator Bally Total Fitness Holding Corp.

Calpine, a San Jose, Calif.-based electricity company, snagged $8 billion in financing from a group of banks led by Goldman Sachs before the subprime meltdown began to rock credit markets in late June. Goldman tried to syndicate part of Calpine's loans, offered at an attractive rate, but pulled the syndication on July 25 after investors showed little interested in buying the debt.

Morgan Stanley Senior Funding Inc. pushed Bally to renegotiate the terms of its $292 million bankruptcy financing package after the fitness company decided to scrap a bondholder-backed Chapter 11 plan and instead move forward with a reorganization plan sponsored by hedge fund Harbinger Capital Partners.

Bally had to take a "more expensive" loan to make the deal work, said Bill Derrough of investment bank Jefferies & Co., which is serving as Bally's financing adviser in the Chapter 11 case.

"It's more difficult for any company to get any type of financing than it was two months ago," said Derrough, who co-heads Jefferies' recapitalization and restructuring group.

Delphi, Dana and Dura are seeking debt financing to supplement equity they've raised to finance their emergence from Chapter 11. Solutia has said it needs up to $2 billion in bankruptcy-exit financing. On Wednesday, Federal-Mogul won approval from the Delaware bankruptcy court to secure up to $3.5 billion in new financing.

James Mesterharm, a managing director at corporate-restructuring firm AlixPartners, said most companies trying to exit bankruptcy protection in 2007 will be able to obtain financing. But they'll probably have to take loans on far less generous terms than those offered a few months ago, when "cheap" financing and "covenant-lite" loans were commonplace.

"Market-flex" deals, which allow lenders to adjust pricing, terms and covenants if they have troubling syndicating loans have become the norm, restructuring experts say. "The flex has gone up dramatically," said McMahon of GE Corporate Lending.

Companies' creditors will also have to adjust their expectations. Creditors hoping for cash payments financed by large exit loans

may be forced to accept more of a company's new stock in repayment for their claims.

"It does create a new issue that people have to plan for and evaluate in creating their plan to exit bankruptcy," Mesterharm said.

7

Document APRS000020070829e38t002r2

FOCUS - 24 of 39 DOCUMENTS

Chicago Tribune

August 30, 2007 Thursday
Chicago Edition

SECTION: BUSINESS ; ZONE C; Pg. 3

LENGTH: 703 words

HEADLINE: Exit from bankruptcy could get tougher;
Lenders retooling terms of financing

BYLINE: Dow Jones Newswires

DATELINE: WASHINGTON

BODY:

Companies trying to emerge from Chapter 11 protection by the end of this year, including Chicago-based Bally Total Fitness Holding Corp., might have trouble securing financing, as credit-market woes extend into the niche arena of bankruptcy lending.

A **credit tightening** spurred by the collapse of the subprime mortgage industry is causing lenders to retool the pricing and terms of the financing they provide to companies leaving bankruptcy.

The pullback, experts say, could send big Chapter 11 companies back to the table to negotiate with creditors and investors who were banking on cheaper financing.

"The expectations will need to be re-evaluated, not only by the company but by the various constituents," said Rob McMahon, managing director of restructuring finance for GE Corporate Lending.

"For the larger-cap companies that have complex, complicated capital structures and constituencies, that will be a more laborious task."

McMahon said there's a "tremendous amount of dialogue" about the status of pending exit-loan deals and "a lot of discussion about structure and pricing."

General Electric Co.'s GE Corporate Lending underwrites $15 billion to $20 billion in loans per year, and its restructuring group provides between $2 billion and $3 billion in financing to troubled companies annually.

The difficulties could be especially acute for companies about to enter bankruptcy. Fewer companies are likely to emerge from Chapter 11 as stand-alone entities. Costlier exit financing could force more companies to liquidate, said James McTevia, managing member of McTevia & Associates, a restructuring consultant in suburban Detroit.

Several big companies are preparing to exit bankruptcy protection within the next six months. They include Bally; auto-parts suppliers Delphi Corp., Dana Corp., Dura Automotive Systems Inc. and Federal-Mogul Corp.; chemical company Solutia Inc.; and power company Calpine Corp.

Morgan Stanley Senior Funding Inc. pushed Bally to renegotiate the terms of its $292 million bankruptcy financing package after the fitness company decided to scrap a bondholder-backed Chapter 11 plan and instead move forward with a reorganization plan sponsored by hedge fund Harbinger Capital Partners.

Bally had to take a "more expensive" loan to make the deal work, said Bill Derrough of investment bank Jefferies & Co., which is serving as Bally's financing adviser in the Chapter 11 case.

"It's more difficult for any company to get any type of financing than it was two months ago," said Derrough, who co-heads Jefferies' recapitalization and restructuring group.

Calpine, a San Jose, Calif.-based electricity company, snagged $8 billion in financing from a group of banks led by Goldman Sachs before the subprime meltdown began to rock credit markets in late June. Goldman tried to syndicate part of Calpine's loans, offered at an attractive rate, but pulled the syndication July 25 after investors showed little interest in buying the debt.

Delphi, Dana and Dura are seeking debt financing to supplement equity they've raised to finance their emergence from Chapter 11.

Solutia has said it needs up to $2 billion in bankruptcy-exit financing.

On Wednesday, Federal-Mogul won approval from the Delaware bankruptcy court to secure up to $3.5 billion in new financing.

James Mesterharm, a managing director at corporate-restructuring firm AlixPartners, said most companies trying to exit bankruptcy protection in 2007 will be able to obtain financing. But they'll probably have to take loans on far less generous terms than those offered a few months ago, when "cheap" financing and "covenant-lite" loans were commonplace.

"Market-flex" deals, which allow lenders to adjust pricing, terms and covenants if they have troubling syndicating loans, have become the norm, restructuring experts say.

"The flex has gone up dramatically," said McMahon of GE Corporate Lending.

Companies' creditors will also have to adjust their expectations. Creditors hoping for cash payments financed by large exit loans might be forced to accept more of a company's new stock in repayment for their claims.

"It does create a new issue that people have to plan for and evaluate in creating their plan to exit bankruptcy," Mesterharm said.

LOAD-DATE: August 30, 2007